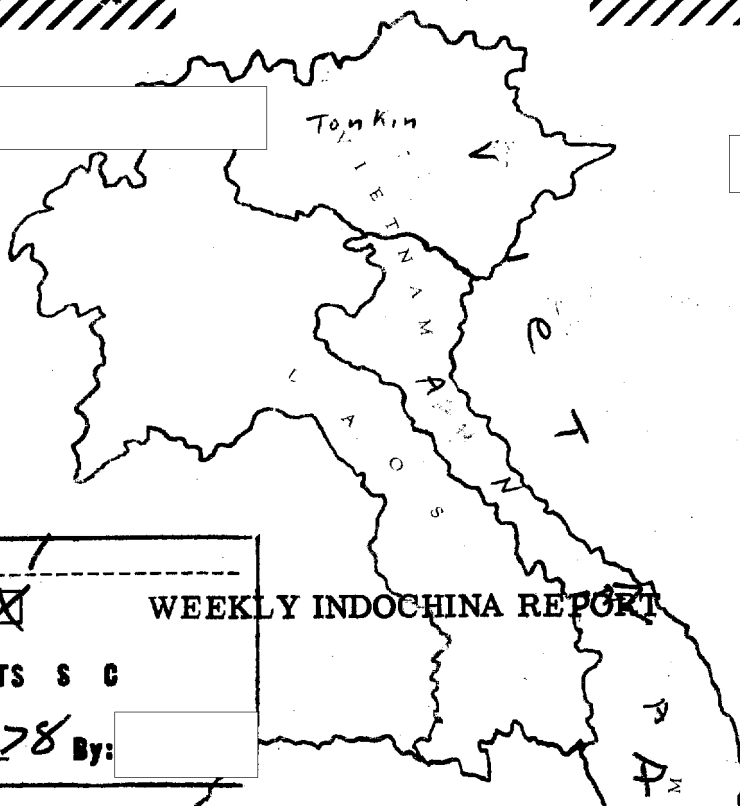


172R000500190001-9

14 May 1954

--

Copy No. 2 /



**No Change in Class.**

☐ Declassified

**Class Changed To: TS S C**

Auth. **MR 70-2**

Date: 14 July 78 By: \_\_\_\_\_

WEEKLY INDOCHINA REPORT

25X1

State Dept. review  
completed

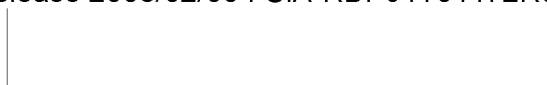
Office of Current Intelligence

**CENTRAL INTELLIGENCE AGENCY**

25X1

[illegible]

25X1



C O N T E N T S

SUMMARY . . . . . Page 3

INDOCHINA . . . . . Page 6

25X1



Political

GENEVA CONFERENCE . . . . . Page 11

The Communist Position  
The French Position  
The Vietnamese Position  
The British Position

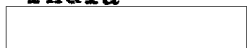
SOVIET BLOC POLICY . . . . . Page 14

Communist China  
Viet Minh  
Soviet Union

FREE WORLD POLICIES . . . . . Page 17

France  
Great Britain  
Australia and New Zealand  
India

25X1



Burma  
Indonesia

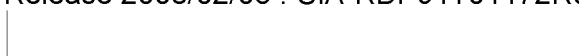
25X1



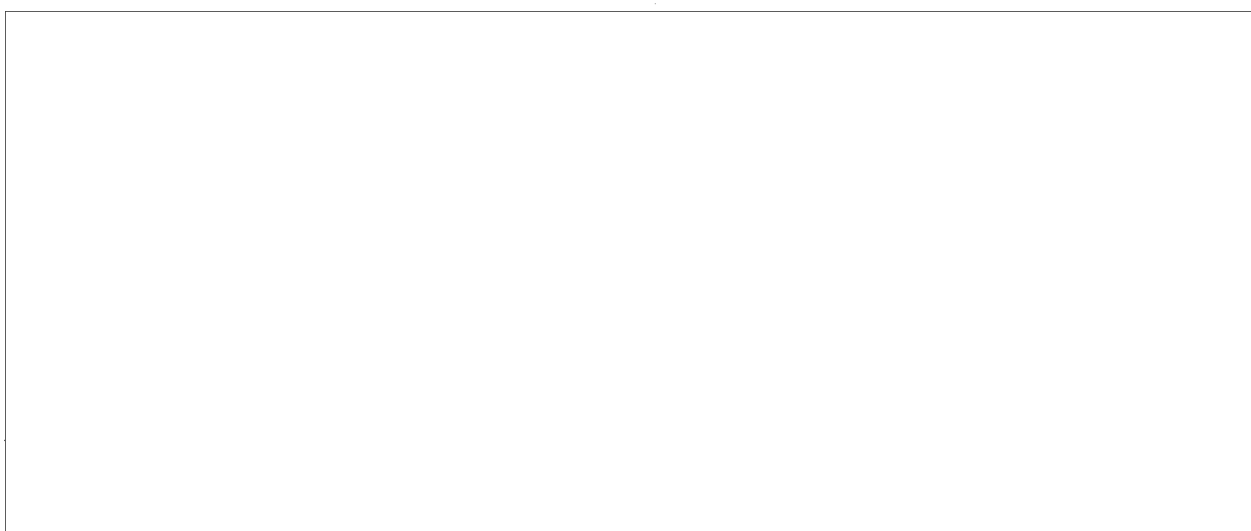
Ceylon  
Thailand  
Japan

25X1





25X1

**SUMMARY**

25X1

In Vietnam, the government was paralyzed and might soon fall apart, [redacted] Bao Dai and most of his cabinet were in Europe. The sovereign intervened by remote control spasmodically--and with devastating effect--in Vietnamese affairs back home. Among other things, he turned over the national police to a semi-gangster organization which has been providing him with half a million dollars a year out of its annual take from Saigon gambling concessions.

25X1



25X1

Meanwhile, political instability is increasing in Cambodia and Laos as a result of recent Viet Minh military operations in those two countries.



25X1

It is against this background, somber for the West, that the Geneva Conference has taken up the Indochina problem.

The Communists, who planned it that way, proposed a settlement which seemed to reflect confidence and unity in their ranks and whose end result, if it should be adopted, appeared liable to be Communist control of all Indochina.

The Viet Minh put forward a plan calling for a cease-fire throughout Indochina, to be followed by a general political settlement calling for: (a) French recognition of the sovereignty and independence of the "Democratic Republic of Vietnam," Khmer (Cambodia) and Pathet Lao (Laos); (b) eventual withdrawal of all foreign troops from the three states; (c) formation of advisory committees to carry out elections; and (d) the establishment of coalition governments in all three states.

This approach accords with other indications that the Communists are trying to induce France to accept a simple cease-fire agreement, without political guarantees. A settlement on these terms would reduce the likelihood of American or UN intervention in Indochina and would make it easier for the Viet Minh to infiltrate Laos, Cambodia and still-free areas of Vietnam and to gain control of the central governments of all three Associated States.

The free nations sought a common ground for opposing the Communists, but as the week ended had found none which would support united action.

France held the Communist proposal unacceptable in the form it was put forward but hinted it might serve as a basis for negotiations.

Britain confined itself generally to seeking clarification of the Viet Minh positions and to attempts to find a basis for creating a Southeast Asian defense system.

The French delegation at Geneva was hampered if not hamstrung by the weakness of the government it represented.

The French cabinet remained in office by a bare-squeak National Assembly vote of 289 to 287 on 13 May, and was on unmistakable notice from the Assembly that it must find a way at Geneva to put an end to the Indochina conflict.

Premier Laniel told Ambassador Dillon that without American military help in Indochina France might be forced to evacuate Laos and Cambodia and abandon both countries to the Viet Minh in order to protect key areas in Vietnam.

25X1

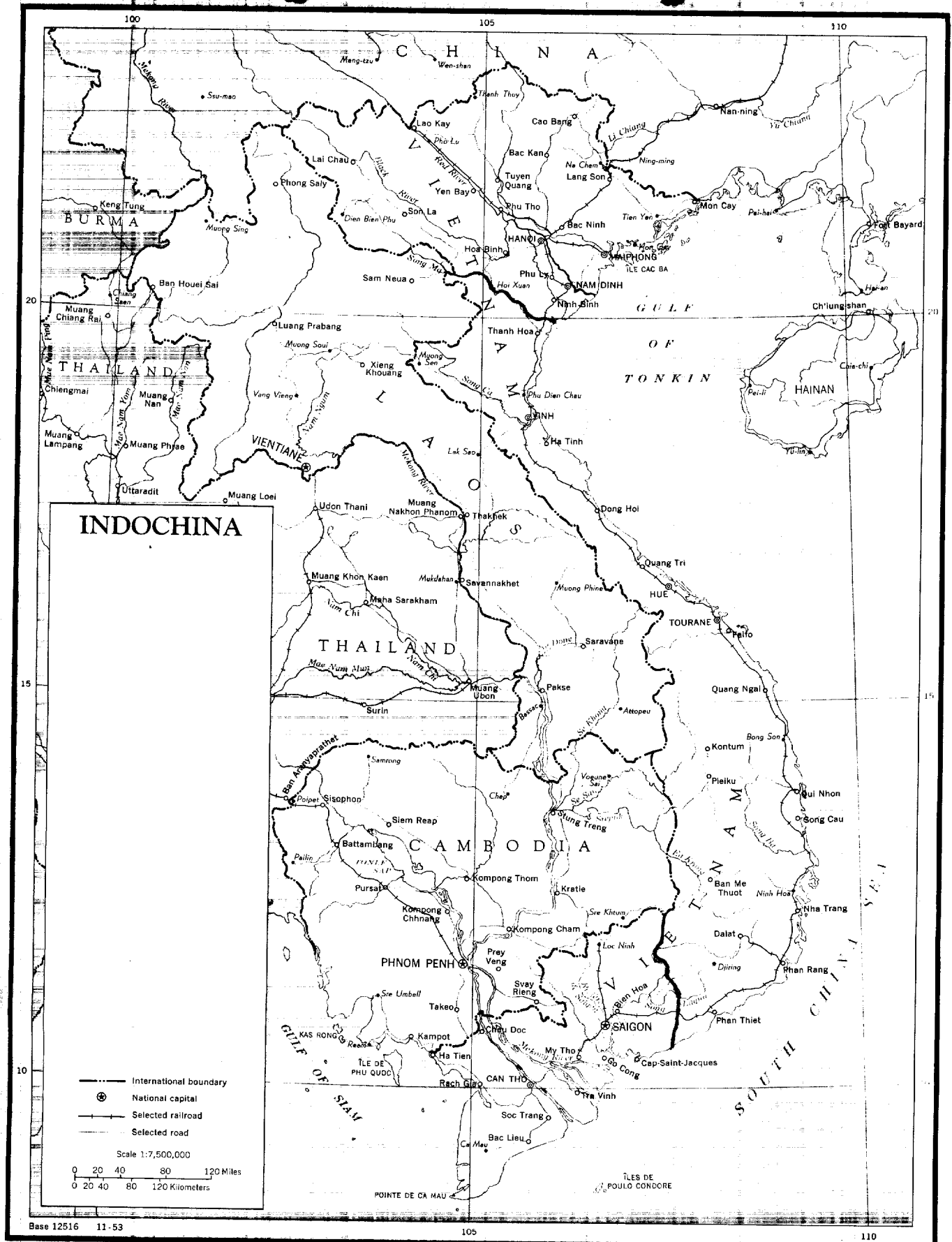
Meanwhile, Peiping warned the United States that if it started a world war it would thereby bring about the "total collapse" of the capitalist system.

Ho Chi Minh called the victory at Dien Bien Phu a great one but only a beginning and admonished his followers not to underestimate the enemy.

Amid these clear and present dangers, most of the free nations proceeded with care, and without committing themselves to any action which might prove irrevocable.

Only Thailand responded favorably and unequivocally to the American call for united action, and even offered bases from which the free world could resist further Communist encroachments in Southeast Asia.

India's attitude resembled those of both Barkis and Micawber: Nehru seemed "willing," in a general sort of way, to play some sort of role in an Indochina settlement, but he was "waiting for something to turn up" to which he could subscribe.



**Page Denied**

Next 2 Page(s) In Document Denied

Political

Some qualified observers in Saigon said the Vietnamese government was paralyzed and might soon disintegrate completely. They thought the situation might develop into an intense, possibly violent, struggle for power among non-Communist leaders.

Bao Dai and two thirds of his cabinet are in Europe. Defense Minister Quat and the chief of staff, General Hinh, the two senior members of the government still in Saigon, are bitterly at odds.

25X1

Quat and several top French officials in Saigon believe the Vietnam government might fold up within ten days to three weeks unless Bao Dai returns and asserts his authority. The governor of Tonkin, meanwhile, has flatly stated that Vietnam no longer has a central government.

Bao Dai himself has aggravated the situation by a decree issued from Paris early this month turning over the national police to a semi-gangster organization which has long exercised extralegal control in Saigon. This group, the Binh Xuyen, has been providing Bao Dai with about half a million dollars a year out of its take from Saigon gambling concessions. Bao Dai's total annual income is estimated at \$7,000,000 - \$8,000,000.

The American embassy reports that the sureté has been demoralized by the granting of its police powers to the Binh Xuyen. Some 200 agents have quit, taking their security files with them. They have been recruited by General Hinh, who reportedly intends to set up a sort of Gestapo.



The Vietnamese labor minister, who lived in the Viet Minh area until 1950, and became a cabinet minister only in January, has told American officials that he has been completely disillusioned by the corrupt and unrepresentative character of the Bao Dai government. He believes the people under the Viet Minh are thoroughly opposed to that regime but would revolt if they had to put up with the Bao Dai government. He asked what the American reaction would be to a move to set up a "revolutionary government" in Vietnam.

Marc Jacquet, secretary of the Ministry for Associated States, told Ambassador Heath in Paris, on the other hand, that Bao Dai is more essential than ever to France's plans, and he urged that American officials not cause Bao Dai to lose face by pressing him to repeal the "disastrous" Binh Xuyen police appointment.

The government's encouragement of mass antipartition demonstrations in the major cities, in addition to expressing government policy, also provides a measure which ambitious nationalists may seize on to overthrow the present unpopular regime.

In Laos and Cambodia political instability has increased as a result of recent Viet Minh military action.

The recent incursion of two Viet Minh battalions into Cambodia at a time when the Cambodian government is in the process of establishing a genuinely independent regime has severely taxed the security resources of the government. In contrast to Vietnam, however, there is wide enthusiasm for the present government, and the Viet Minh is a hated invader. Cambodia has good soldiers, but it cannot cope with sizable Viet Minh forces until it unlearns French-inspired defense concepts.

## GENEVA CONFERENCE

The Communist Position

The Communist delegations opened the Indochina phase of the conference with a strong bid to extend the negotiations to include Laos and Cambodia, as well as Vietnam. Viet Minh vice president Pham Van Dong devoted virtually his entire opening speech to a plea for invitations to the "resistance governments" of Laos and Cambodia.

Chou En-lai supported this proposal, holding that the conference had the right to determine its own composition. Molotov followed with the allegation that these "governments" controlled much of the territory of the two countries. He proposed five-power talks on the Viet Minh proposal.

In the second session on Indochina, the Viet Minh spokesman rejected the French proposal of 8 May for halting the war and put forward a plan calling for a cease-fire throughout Indochina to be followed by a general political settlement which would include the following major points: (a) French recognition of the sovereignty and independence of the "Democratic Republic of Vietnam," Khmer (Cambodia), and Pathet Lao (Laos); (b) eventual withdrawal of all "foreign troops" from the three states; (c) formation of advisory committees to carry out elections; and (d) the establishment of unified governments in all three states.

These terms probably represent the Communists' maximum demands for a political settlement and were advanced primarily for the record and for use as a bargaining counter. The Viet Minh proposal concluded, however, with a provision which appeared designed to keep the door open for serious cease-fire negotiations. This was a suggestion that a cease-fire might be arranged without complete agreement on the shape of a political settlement. The proposal also included a provision vaguely resembling Bidault's demand for the grouping of regular units of both sides' forces in Indochina in zones of assembly.

This approach is consistent with other indications that the Communists are seeking to induce France to accept a simple cease-fire agreement without political guarantees. Such an agreement would leave the Viet Minh in the most advantageous position to continue infiltration into Laos, Cambodia and non-Communist areas of Vietnam, and would also reduce the risk of possible American or United Nations intervention.

25X1 There are indications that Molotov is directing the Viet Minh delegation while Chou En-lai remains a bystander.

Molotov enters the plenary sessions with a typewritten Russian text of Viet Minh speeches, but Chou relies on interpreter facilities during the speeches.

On the other hand, Premier Laniel recently told the American ambassador in Paris that he is convinced that the French are dealing with an essentially Chinese adversary and can make progress only by dealing with the Chinese Communists.

Along the same line, Molotov recently stated to General Smith that he was getting his information on evacuating the wounded from Dien Bien Phu from the Chinese Communists. It is not clear whether Molotov's statement was a slip of the tongue or whether he was deliberately trying to show deference to the Chinese Communists.

25X1  
25X1

### The French Position

Initial French reaction to the Communist proposals for withdrawal of foreign troops and for Communist-style elections was that they were "clever but specious," and would lead to Communist control of Indochina. The French government has not rejected them outright, however, and an official spokesman has stated that they might be a starting point for negotiations. The French internal political situation increasingly restricts the government's maneuverability at Geneva.

### The Vietnamese Position

The Vietnam government's terms, presented on 12 May, include a demand for: (a) international control of a cease-fire; (b) the absorption of Viet Minh forces into the Vietnam National Army; (c) elections under UN control; and (d) an international guarantee of Vietnam's integrity.

Among Vietnamese officials there is little hope of a settlement at Geneva. Premier Buu Loc and Tran Van Tuyen, an adviser to Bao Dai, have both stated they hope the conference will fail, since any settlement along lines now envisaged would mean a Communist take-over. These views are widely held in Vietnam. Any proposal involving partition of the country is almost universally abhorrent to the Vietnamese. Buu Loc stated, however, that he would not attempt to sabotage the conference.

### The British Position

The British delegation has thus far put forward no proposals of its own on Indochina but has given general support to the French armistice plan--mainly by attempting to elicit clarification of the Viet Minh position. At no time has Foreign Secretary Eden implied that Britain would reject the Communist proposals. Presumably in order to speed the work of the conference and end Communist propaganda harangues, Eden on 12 May publicly presented a series of "urgent" questions designed to test Communist willingness to agree to an adequately supervised cease-fire.

## SOVIET BLOC POLICY

Communist China

General Navarre is convinced that Peiping is prepared to speed up its aid to the Viet Minh with supplies and weapons of all types other than aircraft. Navarre thinks the Chinese will intervene with air power only if the United States does so first. He believes Peiping will not commit its aircraft first because of fear of American retaliation.

In a conversation with American officials at Geneva on 8 May, the British chargé at Peiping expressed the belief that the establishment of a small Communist buffer state in northern Indochina, headed by Ho Chi Minh, is a minimum Chinese demand. The chargé said the Communist regime apparently believes that without such a state the Viet Minh embassy in Peiping would have to be closed, the Communists would thereby lose face, and the military security of southern China would be threatened.

Chinese political and military sensitivity in this area is undoubtedly great. Sino-Soviet prestige is heavily committed to maintaining the Viet Minh, and on the few occasions Soviet officials have suggested to American and British diplomats that partition might be a solution, they have usually emphasized Communist China's concern over its southern frontier.

The official Peiping People's Daily on 12 May concluded an editorial with the warning that "the American imperialists" should not interpret Communist desire for peace as a sign of weakness. The daily "reminded" Americans of their "defeat" in Korea and of the French loss of Dien Bien Phu, and warned that if the United States started a world war it would thereby bring about the "total collapse" of the capitalist system. The editorial closed with the statement that the Communists stand for peace, but can never be intimidated.

While this editorial is not more menacing than earlier propaganda directed against the internationalization of the Indochina war, it is a longer and more comprehensive comment than previous Peiping pronouncements.

### Viet Minh

In a statement issued on the occasion of the capture of Dien Bien Phu, Ho Chi Minh called the victory a great one, but only a beginning. He cautioned against underestimating the enemy and stated that only through a long-drawn-out and arduous struggle could victory be attained.

This has been a fairly constant theme in Viet Minh propaganda for several years. It does not indicate any change in strategy or policy. Ho Chi Minh is aware of his dependence on such unpredictable factors as the continued flow of Chinese aid and American policy, and he is apparently determined to prepare his troops for any eventuality.

Ho recently answered a series of questions addressed to him by ANTARA, the Indonesian news agency, indicating Viet Minh interest in keeping alive the considerable pro-Viet Minh sentiment in Indonesia. His replies were standard except for a few extra touches designed to appeal to nationalist and neutralist sentiment in Indonesia.

A constant theme in Viet Minh propaganda has been that the United States desires to obstruct any peace move on the part of the French and intends eventually to replace the French in Indochina. A variant on this theme is that the United States is trying to replace General Navarre with General O'Daniel. This theme is cleverly calculated to strike a tender French nerve and to play on Navarre's coolness toward O'Daniel.

25X1

### Soviet Union

Soviet propaganda has generally avoided discussion of the military consequences of the fall of Dien Bien Phu and has stressed the political consequences instead.

Moscow has tried to use the Viet Minh victory to discredit French foreign minister Bidault and to drive a wedge between France and the United States. The Communists charge that Washington goaded the French into keeping up a "useless" resistance at Dien Bien Phu, that loss of the bastion shows Western efforts to stem the tide of "liberation" in Asia are "futile," and that even all-out American aid cannot save the French.

On the Geneva conference, Commentator Leontyev declares that the American attempt to negotiate only from positions of strength has suffered a major defeat. He warns, however, that even in defeat "ruling circles" in the United States are going on with their plans for expanding the war in Southeast Asia and have no intention of agreeing to peaceful settlements in either Korea or Indochina.

## FREE WORLD POLICY

### France

In France, support for Laniel's Indochina policy fell to a new low with the 289-287 vote the government achieved on 13 May, but a belief that Geneva still offers the best opportunity for a settlement will probably forestall the overthrow of the government for the immediate future. On the other hand, the debates leading to both recent votes of confidence on Indochina policy have made it clear that the assembly will accept no excuse if Geneva does not end hostilities.

There are some indications that efforts will be made to place the onus of the present situation in Indochina on the United States. President Eisenhower's clarification of American policy in Southeast Asia on 12 May is reported to have satisfied French officials, but the French press was quick to interpret Secretary Dulles' statements to the press on 11 May as American abandonment of Indochina.

Laniel, in an apparent reversal of French strategy, told Ambassador Dillon in Paris this week that without American military help, the French might be forced to evacuate Laos and Cambodia and abandon them to the Viet Minh in order to protect key areas in Vietnam.

### Great Britain

Britain appears to be experimenting with several lines of policy designed to encourage the Asian Commonwealth members--India, Pakistan, and Ceylon--to form the nucleus of a Southeast Asia defense system, the precise character of which would be determined by the result of the Geneva conference. The immediate British objective is to secure Commonwealth agreement to a plan whereby India, Pakistan and Ceylon, as well as Burma and Indonesia, would supervise and guarantee a possible Indochina settlement at Geneva. The announcement of such a proposal would pay propaganda dividends and perhaps strengthen French determination to maintain a strong position in the Indochina negotiations, the British believe.



Although British sources have given conflicting indications of the progress they have made toward securing agreement to this proposal, British officials in New Delhi have had "almost daily" consultations with Indian authorities since Foreign Secretary Eden proposed the idea to Prime Minister Nehru on 5 May.

The British evidently are giving thought to having one of the Commonwealth prime ministers, presumably Nehru, call a Southeast Asian defense conference following the Geneva talks. This move presumably might be made whether or not a settlement is arranged at Geneva, and apparently would depend to a large extent on existing prospects for general Asian participation. In any case, according to a member of the British delegation at Geneva, Britain would "prefer" not to participate in a Southeast Asia defense pact which did not include Asian members.

#### Australia and New Zealand

Prime Minister Menzies of Australia has stated his "personal, unalterable opposition" to any settlement in Indochina based on territorial concessions to the Communists. The present Australian government is prevented from making any firm commitments in conjunction with the Western allies, however, since its mandate extends only to 29 May, when a general election will be held. At present, Canberra apparently is supporting the British effort to obtain guarantees from the Asian Commonwealth members for any settlement that may be reached.

New Zealand also appears to be eager to follow any lead provided by Britain.

#### India

Indian press comment on Geneva stresses the theme that France has lost Indochina, but that American intransigence is preventing a "realistic" settlement. There has been less emphasis during the past week on symptoms of disunity in the Western camp at Geneva.

Nehru's reply to Foreign Secretary Eden's request for support from India, Pakistan and Ceylon in guaranteeing an Indochina settlement was reported by the British to be ambiguous. Nehru agreed to give such support, but hedged his agreement with qualifications, particularly regarding the kind of settlement which might come out of Geneva.

Some London officials interpreted this reply to mean that India would not join in a guarantee directed against Communist aggression. A member of the British delegation at Geneva said, however, that Nehru appeared interested in an "Asian Locarno"--i.e., a settlement which both the West and the Communists would guarantee. A settlement of this type would be in tune with the Indochina peace plan Nehru presented on 24 April, which envisaged a nonintervention agreement among the United States, Britain, the USSR and Communist China.

25X1

### Burma

Burma has been closely following events in Indochina and Geneva, and is skeptical on the chances that a satisfactory settlement can be achieved. Although they continue to proclaim strict adherence to a neutral foreign policy, the Burmese have taken a realistic view of the Indochinese problem. With the exception of a single pro-Communist newspaper, the press has pointed out that Communist aggression in a neighboring state is a threat to Burma. This is a striking change from the general apathy displayed during the first Viet Minh invasion of Laos in the spring of 1953.

Burmese policy calls for immediate independence for the Associated States and a peaceful settlement of the current struggle. At the same time, Burmese are privately fearful of Communist control over Indochina and hope that something will be done to prevent that area from "falling out of the French frying pan into the Chinese fire." Although the Burmese are reluctant to publicize this attitude for fear of antagonizing Communist China, Premier Nu strongly supported the Pakistan-Ceylon position at the recently concluded Colombo conference of Asian prime ministers, which maintained that Communist aggression constituted the chief threat to the independent countries of Asia.

25X1

Indonesia

The Indonesians have tended to be naive and anti-Western in their assessment of the Indochina situation. The press almost unanimously bases its pessimism regarding the Geneva conference on American policy, and the chairman of the foreign affairs section of the Indonesian parliament has stated that the United States would be to blame if the conference failed. Other officials have stated in public that developments in Indochina did not affect Indonesia's security.

25X1

Although the Indonesians also favor an immediate cease-fire and grant of independence to Indochina, they have been more bitterly outspoken against the French than the Burmese and are more willing to appease the Communists. For instance, the Indonesians favor the seating of Peiping in the UN as a means of speeding up an Indochina settlement. They have further indicated a desire to see negotiations following a cease-fire handled by the United Nations, with no outside aid being sent to Indochina in the interim.

25X1

Ceylon

Prime Minister Kotelawala has thus far stood firm against criticism from the press and opposition politicians on the use of Colombo as a stop on the Indochina airlift.

Thailand

Although not directly involved, Thailand has shown great interest in the Indochina negotiations at Geneva. It was, moreover, the first country to respond favorably to Secretary Dulles' proposal for "united action," a response taken in the hope of obtaining additional American military materiel and a guarantee of its national independence. The chief of Thailand's General Staff said on 11 May that Thailand could be used as a military base by anti-Communist nations to oppose Communist expansion in Southeast Asia.

Japan

25X1

The Tokyo Shimbun expressed regret that the United States and Britain had not taken "joint action" which could have saved Dien Bien Phu and said that the only alternative was to stand united in defense of Laos and Cambodia. Jiji Shimpō said the loss of Dien Bien Phu raised the question whether the free nations could check the advance of communism in Southeast Asia. The United States, as the world's foremost military power, must bear the major responsibility for checking Communist expansion in Asia, it declared.